

1 THE WEISER LAW FIRM, P.C.
2 ROBERT B. WEISER
3 BRETT D. STECKER
4 JAMES M. FICARO
5 22 Cassatt Avenue
6 Berwyn, PA 19312
7 Telephone: (610) 225-2677
8 Facsimile: (610) 408-8026
9 rw@weiserlawfirm.com
10 bds@weiserlawfirm.com
11 jmf@weiserlawfirm.com

12 CARLSON LYNCH SWEET
13 KILPELA & CARPENTER, LLP
14 Todd D. Carpenter (CA 234464)
15 1350 Columbia Street, Ste. 603
16 San Diego, CA 92101
17 Telephone: (619) 762-1910
18 Facsimile: (619) 756-6991
19 tcarpenter@carlsonlynch.com

20 Attorneys for Plaintiff

21
22
23
24
25
26
27
28
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

29 JOHN MOULTON, Derivatively on Behalf of) Case No. 5:18-cv-03223
30 A10 NETWORKS, INC.,)
31 Plaintiff,)
32 vs.)
33)
34 LEE CHEN, PETER Y. CHUNG, ROBERT)
35 COCHRAN, ALAN S. HENRICKS, PHILLIP)
36 J. SALSBURY, GREG STRAUGHN, SHIVA)
37 NATARAJAN, and TOM CONSTANTINO,)
38 Defendants,)
39 – and –)
40 A10 NETWORKS, INC.,)
41 Nominal Party.)
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
990
991
992
993
994
995
996
997
998
999
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1000
1001
1002
1003
1004
1005
1006
1007
1008
1009
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019
1010
1011
1012
1013
1014
1015
1016
1017
1018
1019
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1020
1021
1022
1023
1024
1025
1026
1027
1028
1029
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1030
1031
1032
1033
1034
1035
1036
1037
1038
1039
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1040
1041
1042
1043
1044
1045
1046
1047
1048
1049
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1050
1051
1052
1053
1054
1055
1056
1057
1058
1059
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1060
1061
1062
1063
1064
1065
1066
1067
1068
1069
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
1070
1071
1072
1073
1074
1075
1076
1077
1078
1079
1080
1081
1082
1083
1084
1085
1086
1087
1088
1089
1080
1081
1082
1083
1084
1085
1086
1087
1088
1089
1090
1091
1092
1093
1094
1095
1096
1097
1098
1099
1090
1091
1092
1093
1094
1095
1096
1097
1098
1099
1100
1101
1102
1103
1104
1105
1106
1107
1108
1109
1100
1101
1102
1103
1104
1105
1106
1107
1108
1109
1110
1111
1112
1113
1114
1115
1116
1117
1118
1119
1110
1111
1112
1113
1114
1115
1116
1117
1118
1119
1120
1121
1122
1123
1124
1125
1126
1127
1128
1129
1120
1121
1122
1123
1124
1125
1126
1127
1128
1129
1130
1131
1132
1133
1134
1135
1136
1137
1138
1139
1130
1131
1132
1133
1134
1135
1136
1137
1138
1139
1140
1141
1142
1143
1144
1145
1146
1147
1148
1149
1140
1141
1142
1143
1144
1145
1146
1147
1148
1149
1150
1151
1152
1153
1154
1155
1156
1157
1158
1159
1150
1151
1152
1153
1154
1155
1156
1157
1158
1159
1160
1161
1162
1163
1164
1165
1166
1167
1168
1169
1160
1161
1162
1163
1164
1165
1166
1167
1168
1169
1170
1171
1172
1173
1174
1175
1176
1177
1178
1179
1170
1171
1172
1173
1174
1175
1176
1177
1178
1179
1180
1181
1182
1183
1184
1185
1186
1187
1188
1189
1180
1181
1182
1183
1184
1185
1186
1187
1188
1189
1190
1191
1192
1193
1194
1195
1196
1197
1198
1199
1190
1191
1192
1193
1194
1195
1196
1197
1198
1199
1200
1201
1202
1203
1204
1205
1206
1207
1208
1209
1200
1201
1202
1203
1204
1205
1206
1207
1208
1209
1210
1211
1212
1213
1214
1215
1216
1217
1218
1219
1210
1211
1212
1213
1214
1215
1216
1217
1218
1219
1220
1221
1222
1223
1224
1225
1226
1227
1228
1229
1220
1221
1222
1223
1224
1225
1226
1227
1228
1229
1230
1231
1232
1233
1234
1235
1236
1237
1238
1239
1230
1231
1232
1233
1234
1235
1236
1237
1238
1239
1240
1241
1242
1243
1244
1245
1246
1247
1248
1249
1240
1241
1242
1243
1244
1245
1246
1247
1248
1249
1250
1251
1252
1253
1254
1255
1256
1257
1258
1259
1250
1251
1252
1253
1254
1255
1256
1257
1258
1259
1260
1261
1262
1263
1264
1265
1266
1267
1268
1269
1260
1261
1262
1263
1264
1265
1266
1267
1268
1269
1270
1271
1272
1273
1274
1275
1276
1277
1278
1279
1270
1271
1272
1273
1274
1275
1276
1277
1278
1279
1280
1281
1282
1283
1284
1285
1286
1287
1288
1289
1280
1281
1282
1283
1284
1285
1286
1287
1288
1289
1290
1291
1292
1293
1294
1295
1296
1297
1298
1299
1290
1291
1292
1293
1294
1295
1296
1297
1298
1299
1300
1301
1302
1303
1304
1305
1306
1307
1308
1309
1300
1301
1302
1303
1304
1305
1306
13

NATURE OF THE ACTION

1. Plaintiff John Moulton (“Plaintiff”), by and through his undersigned attorneys, hereby submits this Verified Shareholder Derivative Complaint (the “Complaint”) for the benefit of nominal defendant A10 Networks, Inc. (“A10” or the “Company”) against certain members of its Board of Directors (the “Board”) and executive officers seeking to remedy defendants’ breaches of fiduciary duties and unjust enrichment from October 2015 to the present (the “Relevant Period”).

2. According to its public filings A10 offers software and hardware solutions to national and international customers. According to its website, the Company's products allow more than 5,800 customers to protect their networks "against modern cyber threats," heighten "application security and performance," and enhance "scalability and availability of applications." A10 claims it has secured more than 100 patents and has a presence in 80 countries around the world.

3. On January 16, 2018, A10 issued the press release, “A10 Networks Announces Preliminary Fourth Quarter 2017 Results.” The press release revealed that the Company expected revenue for 2017 ***under*** its previously issued guidance. The press release specifically noted that “A10 Networks expects total revenue in the fourth quarter 2017 to be between \$55.5 million and \$56.0 million, below its prior guidance of \$64.0 million to \$67.0 million.” The Company’s Chief Executive Officer (“CEO”) Lee Chen (“Chen”) stated in the same press release that “[w]e are disappointed with our revenue results for the quarter, which were below our guidance primarily due to a shortfall in North America sales as we experienced lower than expected seasonal demand trends in the region.”

4. Less than two weeks later, on January 30, 2018, A10 issued a press release entitled, “A10 Networks Announces Postponement of 2017 Fourth Quarter and Full Year Earnings Release and Conference Call” which revealed the Company’s Audit Committee was investigating the Company’s revenue recognition practices for the fourth quarter of 2015. The January 30, 2018 press release stated in pertinent part:

In the fourth quarter of 2017, the Company determined that a mid-level employee within its finance department had violated the Company's Insider Trading Policy and Code of Conduct. As a result, the Company, with the assistance of outside counsel, conducted an email review and additional procedures to ensure the accuracy of its reporting of financial information for 2017. Such review and procedures did not identify matters

1 that required material adjustments to be made. Nonetheless, the Company's Audit
 2 Committee determined that further review and procedures relating to certain accounting
 3 and internal control matters should be undertaken. The Audit Committee's investigation,
 4 which is being conducted with the assistance of outside counsel, is principally focused
 on certain revenue recognition matters from the fourth quarter of 2015 through the
 fourth quarter of 2017 inclusive.

5. On this news, shares of A10 fell \$0.86 per share, or over 12%, from its previous closing
 6 price to close at \$6.13 per share on January 31, 2018.

7. On March 16, 2018 the Individual Defendants caused the Company to announce that the
 8 Audit Committee's investigation would lead to a delay in the Company's required filing with the
 9 Securities and Exchange Commission ("SEC").

10 SAN JOSE, Calif.--(BUSINESS WIRE)--A10 Networks (NYSE: ATEN) today
 11 announced that it will delay the filing with the Securities and Exchange Commission of
 12 its Annual Report on Form 10-K for the year ended December 31, 2017, beyond the
 filing's due date.

13 As previously disclosed, the company's Audit Committee, with the assistance of outside
 14 counsel, is conducting an investigation regarding certain revenue recognition and
 15 internal control matters. The investigation is focused on the time period of the fourth
 16 quarter of 2015 through the fourth quarter of 2017 inclusive. The Audit Committee has
 17 not reached any conclusions because the investigation is ongoing. Consequently, the
 18 company is not in a position to file the Form 10-K until after the completion of the
 Audit Committee's investigation. While the company continues to work expeditiously to
 conclude this review and to file the Form 10-K as soon as practical, it does not
 anticipate filing its Form 10-K within the 15-day extension period provided under Rule
 12b-25(b).

19. Accordingly, as a result of defendants' breaches, the Company has been damaged.

20 JURISDICTION AND VENUE

21. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1332(a) in that
 22 Plaintiffs and defendants are citizens of different states and/or countries and the matter in controversy
 23 exceeds \$75,000.00, exclusive of interests and costs. This Court has supplemental jurisdiction over the
 24 state law claims asserted herein pursuant to 28 U.S.C. §1337(a). This action is not a collusive one to
 25 confer jurisdiction on a court of the United States which it would not otherwise have.

26. Venue is proper in this district because a substantial portion of the transactions and
 27 wrongs complained of herein, including defendants' primary participation in the wrongful acts detailed

1 herein, occurred in this district. One or more of the defendants either resides in or maintains executive
2 offices in this district, and defendants have received substantial compensation in this district by
3 engaging in numerous activities and conducting business here, which had an effect in this district.
4 Additionally, nominal defendant A10 is headquartered in this district.

5 **THE PARTIES**

6 10. Plaintiff is a shareholder of A10 and has continuously held A10 stock since April 2014.
7 Plaintiff is a citizen of Illinois.

8 11. Nominal defendant A10 is a Delaware corporation with its executives office located at 3
9 West Plumeria Drive, San Jose, CA 95134. According to its public filings, the Company offers
10 software and hardware solutions to national and international customers.

11 12. Defendant Chen is the Company's CEO and a director of the Company since 2004.
12 Upon information and belief, defendant Chen is a citizen of California.

13 13. Defendant Peter Y. Chung ("Chung") has served as a director for the Company since
14 2013. Chung serves as a member of the Company's Audit Committee. Upon information and belief,
15 defendant Chung is a citizen of California.

16 14. Defendant Robert Cochran ("Cochran") has served as a director for the Company since
17 2012. Upon information and belief, defendant Cochran is a citizen of California.

18 15. Defendant Alan S. Henricks ("Henricks") has served as a director for the Company since
19 2014. Henricks serves as a member of the Company's Audit Committee. Upon information and
20 belief, defendant Henricks is a citizen of California.

21 16. Defendant Phillip J. Salsbury ("Salsbury") has served as a director for the Company
22 since 2013. Salsbury serves as a member of the Company's Audit Committee. Upon information and
23 belief, defendant Salsbury is a citizen of California.

24 17. Defendant Greg Straughn ("Straughn") was A10's Chief Financial Officer ("CFO") from
25 the beginning of the Class Period until February 9, 2017 . Upon information and belief, defendant
26 Straughn is a citizen of California.

18. Defendant Shiva Natarajan (“Natarajan”) served as A10’s interim CFO from February 2017 until June 2017. Upon information and belief, defendant Natarajan is a citizen of California.

19. Defendant Tom Constantino (“Constantino”) has been A10’s CFO since June 2017. Upon information and belief, defendant Constantino is a citizen of California.

20. Collectively, defendants Chung, Henricks, and Salsbury shall be referred to herein as the “Audit Committee Defendants.”

DEFENDANTS' DUTIES

21. By reason of their positions as officers, directors, and/or fiduciaries of A10 and because of their ability to control the business and corporate affairs of A10, Defendants owed A10 and its shareholders fiduciary obligations of good faith, loyalty, and candor, and were and are required to use their utmost ability to control and manage A10 in a fair, just, honest, and equitable manner. Defendants were and are required to act in furtherance of the best interests of A10 and its shareholders so as to benefit all shareholders equally and not in furtherance of their personal interest or benefit. Each director and officer of the Company owes to A10 and its shareholders the fiduciary duty to exercise good faith and diligence in the administration of the affairs of the Company and in the use and preservation of its property and assets, and the highest obligations of fair dealing.

22. Defendants, because of their positions of control and authority as directors and/or officers of A10, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein. Because of their advisory, executive, managerial, and directorial positions with A10, each of the Defendants had knowledge of material non-public information regarding the Company.

23. To discharge their duties, the officers and directors of A10 were required to exercise reasonable and prudent supervision over the management, policies, practices and controls of the Company. By virtue of such duties, the officers and directors of A10 were required to, among other things:

(a) Exercise good faith to ensure that the affairs of the Company were conducted in an efficient, business-like manner so as to make it possible to provide the highest quality performance of their business;

(b) Exercise good faith to ensure that the Company was operated in a diligent, honest and prudent manner and complied with all applicable federal and state laws, rules, regulations and requirements, and all contractual obligations, including acting only within the scope of its legal authority; and

(c) When put on notice of problems with the Company's business practices and operations, exercise good faith in taking appropriate action to correct the misconduct and prevent its recurrence.

24. Pursuant to the Audit Committee's Charter, the members of the Audit Committee are required, *inter alia*, to:

(a) Reviewing the reports of management, internal audit and the independent auditors concerning the design, implementation and maintenance of the Company's internal controls and procedures for financial reporting, including meeting periodically with the Company's management, internal audit and the independent auditors to review their assessment of the adequacy of such controls and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company's periodic filings and the attestations or reports by the independent auditors relating to such disclosure;

(b) Reviewing and providing oversight of the external audit by (i) reviewing the independent auditors' proposed audit scope and approach; (ii) discussing with the Company's independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies, disagreements with management and any other required communications described in applicable accounting standards; (iii) reviewing with the independent auditors the Company's critical accounting policies and practices, alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the treatment recommended by the independent auditors, and

1 other material written communications between the independent auditors and management; and (iv)
2 reviewing reports submitted to the Audit Committee by the independent auditors in accordance with
3 applicable SEC requirements;

4 (c) Reviewing and discussing with management and the independent auditors the
5 annual audited financial statements and quarterly unaudited financial statements, including the
6 Company's disclosures under "Management's Discussion and Analysis of Financial Condition and
7 Results of Operations," prior to filing the Company's Annual Report on Form 10-K and Quarterly
8 Reports on Form 10-Q, respectively, with the SEC;

9 (d) Recommending to the Board, if deemed appropriate, that the audited financial
10 statements be included in the Company's Annual Report on Form 10-K, in accordance with the rules
11 and regulations of the SEC;

12 (e) Conducting a post-audit review of the financial statements and audit findings,
13 including any suggestions for improvements provided to management by internal audit or the
14 independent auditors, and management's response to such suggestions;

15 (f) Reviewing, prior to announcement, Company press releases and other disclosures
16 containing financial information for the purpose of ensuring that such press releases and other
17 disclosures properly disclose financial information presented in accordance with GAAP and, to the
18 extent non-GAAP information is included, adequately disclose how such non-GAAP information
19 differs from the comparable GAAP information and ensure that disclosure of such non-GAAP information
20 is not given undue prominence and that such non-GAAP information does not provide a
21 misleading presentation of the Company's results of operations or financial condition; and

22 (g) Establishing procedures for receiving, retaining and treating complaints received
23 by the Company regarding accounting, internal accounting controls or auditing matters and procedures
24 for the confidential, anonymous submission by employees of concerns regarding questionable
25 accounting or auditing matters.

SUBSTANTIVE ALLEGATIONS

A. Background of the Company

25. According to its public filings, the Company offers software and hardware solutions to national and international customers. According to its website, the Company’s products allow more than 5,800 customers to protect their networks “against modern cyber threats,” heighten “application security and performance,” and enhance “scalability and availability of applications.” A10 claims it has secured more than 100 patents and has a presence in 80 countries around the world.

B. The Truth Emerges

26. On January 16, 2018, A10 issued the press release, “A10 Networks Announces Preliminary Fourth Quarter 2017 Results.” The press release revealed that the Company expected revenue for 2017 under its previously issued guidance stating relevant part:

SAN JOSE, Calif., Jan. 16, 2018 - A10 Networks, Inc. (NYSE: ATEN), a Secure Application Services™ company, today announced preliminary results for the fourth quarter ended Dec. 31, 2017.

A10 Networks expects total revenue in the fourth quarter 2017 to be between \$55.5 million and \$56.0 million, below its prior guidance of \$64.0 million to \$67.0 million. The company expects to report GAAP net income in the range of break-even to \$0.01 per share. On a non-GAAP basis, the company expects to report net income between \$0.05 and \$0.06 per share, using approximately 74.6 million diluted shares, which is within the previous guidance for non-GAAP net income of \$0.01 to \$0.07 per share, using approximately 74.0 million shares on a diluted basis. GAAP and non-GAAP net income results include a benefit from performance-based variable compensation. A preliminary reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

“We are disappointed with our revenue results for the quarter, which were below our guidance primarily due to a shortfall in North America sales as we experienced lower than expected seasonal demand trends in the region. Despite this shortfall, we increased our cash and cash equivalents by \$6.6 million, and continued to see strength for our security solutions,” said Lee Chen, president and chief executive officer of A10 Networks. “Over the past two quarters, we have implemented a number of changes across the organization to help improve our execution and expand our presence in security to drive growth. We are making progress on these initiatives and continuing to work to align our sales and enablement engine with the growth opportunities in our market. As part of these initiatives, we have brought in Chris White to lead our global sales team, effective January 2, 2018. Chris is an accomplished sales executive with a long career in the cybersecurity industry, and his expertise in sales and channel leadership will be a solid asset to A10.”

1 (Emphasis added)

2 27. On this news, shares of A10 fell \$0.99 per share, or over 13%, from its previous closing
 3 price to close at \$6.32 per share on January 17, 2018.

4 28. On January 30, 2018, A10 issued a press release entitled, “A10 Networks Announces
 5 Postponement of 2017 Fourth Quarter and Full Year Earnings Release and Conference Call” which
 6 further revealed the Company’s Audit Committee was investigating the Company’s revenue recognition
 7 practices for the fourth quarter of 2015, stating in relevant part:

8 In the fourth quarter of 2017, the Company determined that a mid-level employee within
 9 its finance department had violated the Company’s Insider Trading Policy and Code of
 Conduct. As a result, the Company, with the assistance of outside counsel, conducted
 10 an email review and additional procedures to ensure the accuracy of its reporting of
 financial information for 2017. Such review and procedures did not identify matters
 11 that required material adjustments to be made. ***Nonetheless, the Company’s Audit
 Committee determined that further review and procedures relating to certain
 accounting and internal control matters should be undertaken. The Audit
 Committee’s investigation, which is being conducted with the assistance of outside
 counsel, is principally focused on certain revenue recognition matters from the fourth
 quarter of 2015 through the fourth quarter of 2017 inclusive.***

12 The investigation is in its early stages. The Company is not able to provide a date as to
 13 when it will be completed, nor provide any assurance that the Company will not
 14 determine that material adjustments to its past financial statements are appropriate.

15 At the conclusion of the Audit Committee’s investigation, the Company will announce
 16 the scheduling of a conference call to discuss full financial results for the 2017 fourth
 17 quarter and full year.

18 (Emphasis added)

19 29. On this news, shares of A10 fell \$0.86 per share, or over 12%, from its previous closing
 20 price to close at \$6.13 per share on January 31, 2018.

21 30. On March 16, 2018 the Individual Defendants caused the Company to announce that the
 22 Audit Committee’s investigation would lead to a delay in the Company’s required filing with the
 23 Securities and Exchange Commission (“SEC”).

24 SAN JOSE, Calif.--(BUSINESS WIRE)--A10 Networks (NYSE: ATEN) today
 25 announced that it will delay the filing with the Securities and Exchange Commission of

1 its Annual Report on Form 10-K for the year ended December 31, 2017, beyond the
 2 filing's due date.

3 31. As previously disclosed, the company's Audit Committee, with the assistance of outside
 4 counsel, is conducting an investigation regarding certain revenue recognition and internal control
 5 matters. The investigation is focused on the time period of the fourth quarter of 2015 through the fourth
 6 quarter of 2017 inclusive. The Audit Committee has not reached any conclusions because the
 7 investigation is ongoing. Consequently, the company is not in a position to file the Form 10-K until
 8 after the completion of the Audit Committee's investigation. While the company continues to work
 9 expeditiously to conclude this review and to file the Form 10-K as soon as practical, it does not
 10 anticipate filing its Form 10-K within the 15-day extension period provided under Rule 12b-25(b).

11 **C. Alleged False and Misleading Statements**

12 32. On February 9, 2016, A10 issued a press release entitled "A10 Networks, Inc. Reports
 13 Record Revenue" which discussed the Company's fourth quarter of 2015 revenue stating in relevant
 14 part:

15 **Fourth Quarter 2015 Financial Highlights**

16 • Record revenue of \$56.6 million, up 25 percent year-over year
 17 • Record product revenue of \$39.5 million, increasing 22 percent year-over-year
 18 • Added over 200 new end-customers in the quarter, reaching over 4,700 total end-
 customers

19 "The fourth quarter was a strong close to the year and we are pleased with our
 20 momentum driven by our continued execution and innovation," said Lee Chen,
 21 president and chief executive officer of A10 Networks. "Revenue in the fourth quarter
 22 exceeded our guidance and we achieved our third consecutive quarter of record revenue,
 23 while significantly improving our bottom line year-over-year. Our results this quarter
 24 were driven by a broad-based increase in demand across our ADC, CGN and TPS
 solutions. For the full year we added over 800 new customers, continued to expand our
 market opportunities and widened our technology leadership with innovations and
 industry firsts that map directly to some of the fastest growing networking and security
 market trends."

25 ***Total revenue for the fourth quarter grew to a record \$56.6 million, up 25 percent
 26 when compared with \$45.2 million in the fourth quarter of 2014. Total revenue for
 the year 2015 was \$199.0 million, an increase of 11 percent, compared with \$179.5
 million reported for the year 2014.***

27 On a GAAP basis, A10 Networks reported a net loss for the fourth quarter 2015 of \$7.4
 28 million or \$0.12 per share, compared with a net loss of \$16.0 million or \$0.26 per share

1 in the fourth quarter of 2014. The company reported GAAP net loss attributable to
 2 common shareholders of \$40.0 million or \$0.64 per share for the year 2015, compared
 3 with a GAAP net loss attributable to common stockholders of \$35.9 million or \$0.74 per
 4 share for the year 2014. Non-GAAP net loss for the fourth quarter of 2015 was \$3.7
 5 million or \$0.06 per share, compared with a non-GAAP net loss of \$12.0 million or
 6 \$0.20 per share in the fourth quarter of 2014. Non-GAAP net loss for 2015 was \$22.5
 7 million or \$0.36 per share, compared with a Non-GAAP net loss of \$29.3 million or
 8 \$0.51 per share for the year 2014. A reconciliation between GAAP and non-GAAP
 9 information is contained in the financial statements below.
 10 (emphasis added).

11 33. On March 1, 2016, A10 filed its annual report on Form 10-K with the SEC for the year
 12 ended December 31, 2015 (the “2015 10-K”) which provided the Company’s annual financial results
 13 and position and included the revenue from the fourth quarter of 2015. The 2015 10-K was signed by
 14 Defendants Chen and Straughn and contained signed certifications pursuant to the Sarbanes-Oxley Act
 15 of 2002 (“SOX”) by Chen and Straughn. The 2015 10-K discussed revenue recognition and seasonality
 16 of revenue, stating in relevant part:

17 **Revenue Recognition**

18 We derive revenue from two sources: (i) products revenue, which includes hardware and
 19 perpetual software license revenue; and (ii) services revenue, which include post
 20 contract support (“PCS”), professional services, and training. A substantial portion of
 21 our revenue is from sales of our products and services through distribution channel
 22 partners, such as resellers and distributors. Revenue is recognized, net of applicable
 23 taxes, when all of the following criteria are met: persuasive evidence of an arrangement
 24 exists, delivery or performance has occurred, the sales price is fixed or determinable,
 25 and collection is reasonably assured. We define each of the four criteria above as
 follows:

26 • ***Persuasive evidence of an arrangement exists.*** Evidence of an arrangement consists
 27 of a purchase order issued pursuant to the terms and conditions of a master sales
 28 agreement.

29 • ***Delivery or performance has occurred.*** We use shipping documents or written
 30 evidence of customer acceptance, when applicable, to verify delivery or performance.
 31 We recognize product revenue upon transfer of title and risk of loss, which primarily is
 32 upon shipment to customers. We do not have significant obligations for future
 33 performance, such as customer acceptance provisions, rights of return, or pricing credits,
 34 associated with our sales.

35 • ***The sales price is fixed or determinable.*** We assess whether the sales price is fixed or
 36 determinable based on payment terms and whether the sales price is subject to refund or
 37 adjustment. Standard payment terms to customers range from 30 to 90 days.

38 • ***Collection is reasonably assured.*** We assess probability of collection on a customer-
 39 by-customer basis. Our customers are subjected to a credit review process that evaluates
 40 their financial condition and ability to pay for products and services.

1 PCS revenue includes arrangements for software support and technical support for our
 2 products. PCS is offered under renewable, fee-based contracts, which include technical
 3 support, hardware repair and replacement parts, bug fixes, patches, and unspecified
 4 upgrades on a when-and-if available basis. Revenue for PCS services is recognized on a
 5 straight-line basis over the service contract term, which is typically one year, but can be
 6 up to five years. Unearned PCS revenue is included in deferred revenue.
 7

8 Professional service revenue primarily consists of the fees we earn related to installation
 9 and consulting services. We recognize revenue from professional services upon delivery
 10 or completion of performance. Professional service arrangements are typically short
 11 term in nature and are largely completed within 30 to 90 days from the start of service.
 12

13 34. The 2015 10-K discussed internal controls, stating in relevant part:

14 Based on the assessment, our management has concluded that its internal control over
 15 financial reporting was effective as of December 31, 2015 to ***provide reasonable
 16 assurance regarding the reliability of financial reporting and the preparation of
 17 financial statements in accordance with GAAP.***

18 (Emphasis added).

19 35. On April 28, 2016, A10 issued a press release entitled, “A10 Networks, Inc. Reports
 20 First Quarter 2016 Results” which included the Company’s revenue for the first quarter of 2016, stating
 21 in relevant part:

22 **First Quarter 2016 Financial Highlights**

23 • Revenue of \$53.8 million, up 22 percent year-over-year
 24 • Record enterprise revenue of \$32.2 million, increased 29 percent year-over-year
 25 • Strong product revenue of \$36.4 million, up 19 percent year over-year
 26 • Record total deferred revenue of \$74.8 million, increased 25% year-over-year
 27 • Cash and marketable securities increased to \$107.5 million, up from \$85.6 million at
 28 March 31, 2015

29 “The first quarter was a strong start to the year as we continued to build on our solid
 30 momentum,” said Lee Chen, president and chief executive officer of A10 Networks.
 31 “Our high-end security product portfolio and cloud-based solutions continue to gain
 32 traction with customers and partners and this is contributing to our success in growing
 33 the business. Additionally, with our continued topline growth and disciplined approach
 34 to managing costs, we improved our bottom line by 55% year-over-year and generated
 35 strong cash flow from operations. We are pleased with our execution and strong first
 36 quarter results and are encouraged by our progress as we enter the second quarter.”

37 Total revenue for the first quarter grew to \$53.8 million, up 22 percent when compared
 38 with \$44.0 million in the first quarter of 2015. On a GAAP basis, A10 Networks

1 reported a net loss for the first quarter 2016 of \$9.5 million, or \$0.15 per share,
 2 compared with a net loss of \$13.7 million, or \$0.22 per share, in the first quarter of
 3 2015. Non-GAAP net loss for the first quarter of 2016 was \$4.1 million, or \$0.06 per
 4 share, compared with a non-GAAP net loss of \$9.1 million, or \$0.15 per share, in the
 first quarter of 2015. A reconciliation between GAAP and non-GAAP information is
 contained in the financial statements below. (Emphasis added)

5 36. On May 5, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for quarter
 6 ending March 31, 2016 (the “1Q16 10-Q”). The 1Q16 10-Q was signed by Defendants Chen and
 7 Straughn and contained signed SOX certifications by Chen and Straughn. The 1Q16 10-Q discussed
 8 revenue recognition and seasonality of revenue, stating in relevant part:

9 **Revenue**

10 Our products revenue primarily consists of revenue from sales of our hardware
 11 appliances upon which our software is installed. Such software includes our ACOS
 12 software platform plus one of our ADC, CGN, TPS or CFW solutions. Purchase of a
 13 hardware appliance includes a perpetual license to the included software. We recognize
 14 products revenue at the time of shipment, provided that all other revenue recognition
 criteria have been met. As a percentage of revenue, our products revenue may vary from
 quarter to quarter based on, among other things, the timing of orders and delivery of
 products, cyclical and seasonality, changes in currency exchange rates and the impact
 of significant transactions with unique terms and conditions.
 (Emphasis added)

15 37. The 1Q16 10-Q discussed A10’s internal controls, stating in relevant part:

16 **Changes in Internal Control over Financial Reporting**

17 There were no changes in our internal control over financial reporting identified in
 18 connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the
 19 Exchange Act that occurred during the quarter ended March 31, 2016 that have
 20 materially affected, or are reasonably likely to materially affect, our internal control
 over financial reporting.

21 38. On July 28, 2016, A10 issued a press release entitled, “A10 Networks, Inc. Reports
 22 Second Quarter 2016 Results” detailing its revenue for the second quarter of 2016, stating in relevant
 23 part:

24 **Second Quarter 2016 Financial Highlights**

25 • Record revenue of \$57.1 million, up 20 percent year-over-year
 26 • Enterprise revenue of \$32.0 million, increased 16 percent year over-year
 27 • Product revenue of \$38.8 million, up 16 percent year-over-year

1

2

- Cash and marketable securities increased to \$113.7 million, up from \$96.2 million at June 30, 2015

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

“We delivered record revenue as our high-end security and cloud-ready Thunder solutions continued to drive growth,” said Lee Chen, president and chief executive officer of A10 Networks. “We also significantly improved our bottomline results and we believe we are on track to meet our financial goals for the year. In addition to our strong performance in the quarter, we took a strategic step to accelerate the A10 Harmony vision and expand our addressable market with the acquisition of Appcito. Appcito is a cloud-native subscription service that maximizes the agility and improves the visibility and security of enterprise applications deployed in the cloud. Appcito fits into our vision to become the most comprehensive secure application services company in the industry and helps customers become more secure and agile as they bridge traditional and cloud application environments.”

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Total revenue for the second quarter grew to \$57.1 million, up 20 percent when compared with \$47.5 million in the second quarter of 2015. On a GAAP basis, A10 Networks reported a net loss for the second quarter 2016 of \$4.9 million, or \$0.08 per share, compared with a net loss of \$10.0 million, or \$0.16 per share, in the second quarter of 2015. Non-GAAP net loss for the second quarter of 2016 was \$1.1 million, or \$0.02 per share, compared with a non-GAAP net loss of \$5.3 million, or \$0.09 per share, in the second quarter of 2015.

A reconciliation between GAAP and non-GAAP information is contained in the financial statements below.

39. On August 5, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for quarter ending June 30, 2016 (the “2Q16 10-Q”). The 2Q16 10-Q was signed by Defendants Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 2Q16 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

Our products revenue primarily consists of revenue from sales of our hardware appliances upon which our software is installed. Such software includes our ACOS software platform plus one of our ADC, CGN, TPS or CFW solutions. Purchase of a hardware appliance includes a perpetual license to the included software. **We recognize products revenue at the time of shipment, provided that all other revenue recognition criteria have been met. As a percentage of revenue, our products revenue may vary from quarter to quarter based on, among other things, the timing of orders and delivery of products, cyclical and seasonality, changes in currency exchange rates and the impact of significant transactions with unique terms and conditions.**

(Emphasis added).

1

2 40. The 2Q16 10-Q discussed A10's internal controls, stating in relevant part:

3

4 **Changes in Internal Control over Financial Reporting**

5

6 There were no changes in our internal control over financial reporting identified in
7 connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the
8 Exchange Act that occurred during the quarter ended June 30, 2016 that have
9 materially affected, or are reasonably likely to materially affect, our internal control
10 over financial reporting.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

41. On October 27, 2016, A10 issued a press release entitled, "A10 Networks, Inc. Reports
7 Third Quarter 2016 Results; Board of Directors Authorizes Share Repurchase" which stated in relevant
8 part:

9

10 Total revenue for the third quarter grew to \$55.1 million, up 8 percent when compared
11 with \$50.8 million in the third quarter of 2015. On a GAAP basis, A10 Networks
12 reported a net loss for the third quarter 2016 of \$4.7 million, or \$0.07 per share,
13 compared with a net loss of \$9.0 million, or \$0.14 per share, in the third quarter of 2015.
Non-GAAP net income for the third quarter of 2016 was \$0.2 million, or \$0.00 per
share, compared with a non-GAAP net loss of \$4.4 million, or \$0.07 per share, in the
third quarter of 2015. A reconciliation between GAAP and non-GAAP information is
contained in the financial statements below.

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

"We reported third quarter revenue of \$55.1 million, which was below our guidance and
reflects a shortfall in North America where we received a couple orders too late in the
quarter to ship and some deals slipped into future quarters," said Lee Chen, president
and chief executive officer of A10 Networks. "While we are disappointed with our
topline performance, we continued to drive leverage in our operating model,
significantly improve our bottom-line results and invest in key areas of our business to
foster long-term growth. The share repurchase authorization announced today reflects
our confidence in our market opportunities and ability to meet our financial objectives."42. On November 3, 2016, A10 filed its quarterly report on Form 10-Q with the SEC for
7 quarter ending September 30, 2016 (the "3Q16 10-Q"). The 3Q16 10-Q was signed by Defendants
8 Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 3Q16 10-Q
9 discussed revenue recognition and seasonality of revenue, stating in relevant part:

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Revenue

29

30

31

32

33

34

35

36

37

38

39

40

41

42

43

44

45

46

47

48

49

50

51

52

53

54

55

56

57

58

59

60

61

62

63

64

65

66

67

68

69

70

71

72

73

74

75

76

77

78

79

80

81

82

83

84

85

86

87

88

89

90

91

92

93

94

95

96

97

98

99

100

101

102

103

104

105

106

107

108

109

110

111

112

113

114

115

116

117

118

119

120

121

122

123

124

125

126

127

128

129

130

131

132

133

134

135

136

137

138

139

140

141

142

143

144

145

146

147

148

149

150

151

152

153

154

155

156

157

158

159

160

161

162

163

164

165

166

167

168

169

170

171

172

173

174

175

176

177

178

179

180

181

182

183

184

185

186

187

188

189

190

191

192

193

194

195

196

197

198

199

200

201

202

203

204

205

206

207

208

209

210

211

212

213

214

215

216

217

218

219

220

221

222

223

224

225

226

227

228

229

230

231

232

233

234

235

236

237

238

239

240

241

242

243

244

245

246

247

248

249

250

251

252

253

254

255

256

257

258

259

260

261

262

263

264

265

266

267

268

269

270

271

272

273

274

275

276

277

278

279

280

281

282

283

284

285

286

287

288

289

290

291

292

293

294

295

296

297

298

299

300

301

1 products, cyclicalities and seasonality, changes in currency exchange rates and the impact
 2 of significant transactions with unique terms and conditions.

3 (Emphasis added)

4 43. The 3Q16 10-Q discussed A10's internal controls, stating in relevant part:

5 **Changes in Internal Control over Financial Reporting**

6 There were no changes in our internal control over financial reporting identified in
 7 connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the
 8 Exchange Act that occurred during the quarter ended September 30, 2016 that have
 9 materially affected, or are reasonably likely to materially affect, our internal control
 10 over financial reporting.

11 44. On February 9, 2017, A10 issued the press release entitled, "A10 Networks, Inc. Reports
 12 Fourth Quarter and Year 2016 Financial Results" which discussed the financial results for the fourth
 13 quarter 2016 and full year 2016 as well as disclosed that Defendant Straughn would be stepping down
 14 as CFO, stating in relevant part:

15 **Fourth Quarter 2016 Financial Summary**

- 16 • Record revenue of \$64.0 million, grew 13 percent year-over year
- 17 • GAAP net loss of \$1.8 million or \$0.03 per share
- 18 • Non-GAAP net income of \$2.3 million or \$0.03 per share

19 **Year 2016 Financial Summary**

- 20 • Record revenue of \$230.0 million, grew 16 percent over 2015
- 21 • GAAP net loss of \$20.9 million or \$0.32 per share
- 22 • Non-GAAP net loss of \$2.7 million or \$0.04 per share
- 23 • Deferred revenue grew 28 percent year-over-year to reach \$92.9 million
- 24 • Ended the year with \$114 million in cash, cash equivalents and marketable
 25 securities, an increase of \$16 million from last year

26 A reconciliation between GAAP and non-GAAP information is contained in the
 27 financial statements below.

28 "The fourth quarter was a strong close to the year with revenue exceeding guidance and
 29 growing 13 percent year-over-year to reach \$64 million. Our record performance was
 30 driven by strong demand for our security solutions and continued expansion with cloud
 31 provider, service provider and web-scale customers," said Lee Chen, president and chief
 32 executive officer of A10 Networks. "We also continued to drive leverage through our
 33 operating structure to make significant improvements in our bottom-line results, while at
 34 the same time, investing in key areas of our business."

35 **Management Transition**

36 A10 Networks announced that Greg Straughn has decided to step down from the role of
 37 CFO effective as of the filing of the company's 10-K. Straughn will remain with the
 38 company as an advisor until April to help facilitate a smooth transition. The board of
 39

1 directors has appointed Shiva Natarajan as the company's interim CFO effective upon Straughn's resignation. The company has initiated a search for a successor to Straughn

45. On February 24, 2017, A10 filed its annual report for the year ended December 31, 2016 on Form 10-K with the SEC (the “2016 10-K”) which provided the Company’s annual financial results and position. The 2016 10-K signed by Defendants Chen and Straughn and contained signed SOX certifications by Chen and Straughn. The 2016 10-K discussed revenue recognition and seasonality of revenue, stating in relevant part:

Revenue

8 Our products revenue primarily consists of revenue from sales of our hardware
9 appliances upon which our software is installed. Such software includes our ACOS
10 software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase
11 of a hardware appliance includes a perpetual license to the included software. We
12 recognize products revenue at the time of shipment, provided that all other revenue
13 recognition criteria have been met. As a percentage of revenue, our products revenue
may vary from quarter to quarter based on, among other things, the timing of orders and
delivery of products, cyclical and seasonality, changes in currency exchange rates and
the impact of significant transactions with unique terms and conditions.

* * *

Revenue Recognition

15 We derive revenue from two sources: (i) products revenue, which includes hardware and
16 perpetual software license revenue; and (ii) services revenue, which include post
17 contract support (“PCS”), professional services, and training. A substantial portion of
18 our revenue is from sales of our products and services through distribution channel
partners, such as resellers and distributors. Revenue is recognized, net of applicable
taxes, when all of the following criteria are met: persuasive evidence of an arrangement
exists, delivery or performance has occurred, the sales price is fixed or determinable,
and collection is reasonably assured.

We define each of the four criteria above as follows:

- Persuasive evidence of an arrangement exists. Evidence of an arrangement consists of a purchase order issued pursuant to the terms and conditions of a master sales agreement.
- Delivery or performance has occurred. We use shipping documents or written evidence of customer acceptance, when applicable, to verify delivery or performance. We recognize product revenue upon transfer of title and risk of loss, which primarily is upon shipment to customers. We do not have significant obligations for future performance, such as customer acceptance provisions, rights of return, or pricing credits, associated with our sales.

1 • The sales price is fixed or determinable. We assess whether the sales price is fixed or
 2 determinable based on payment terms and whether the sales price is subject to refund or
 3 adjustment. Standard payment terms to customers range from 30 to 90 days.

4 • Collection is reasonably assured. We assess probability of collection on a customer-
 5 by-customer basis. Our customers are subjected to a credit review process that evaluates
 6 their financial condition and ability to pay for products and services.

7 46. The 2016 10-K discussed internal controls, stating in relevant part:

8 Our management is responsible for establishing and maintaining adequate internal
 9 control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the
 10 Exchange Act). Our management conducted an assessment of the effectiveness of our
 11 internal control over financial reporting based on the criteria set forth in Internal
 12 Control-Integrated Framework issued by the Committee of Sponsoring Organizations of
 13 the Treadway Commission (2013 framework). ***Based on the assessment, our
 14 management has concluded that its internal control over financial reporting was
 15 effective as of December 31, 2016 to provide reasonable assurance regarding the
 16 reliability of financial reporting and the preparation of financial statements in
 17 accordance with GAAP.***

18 (Emphasis added).

19 47. On April 27, 2017, A10 issued the press release entitled, “A10 Networks, Inc. Reports
 20 First Quarter 2017 Financial Results” which stated in relevant part:

21 **First Quarter 2017 Financial Summary**

22 • Revenue of \$60.3 million, grew 12 percent year-over-year
 23 • GAAP net loss of \$3.9 million or \$0.06 per share
 24 • Non-GAAP net income of \$0.7 million or \$0.01 per share

25 A reconciliation between GAAP and non-GAAP information is contained in the
 26 financial statements below.

27 “The first quarter was a solid start to the year with revenue growth driven by our
 28 security and cloud-focused solutions gaining momentum among cloud provider, service
 29 provider and web-scale customers,” said Lee Chen, president and chief executive officer
 30 of A10 Networks. “We believe the cloud presents a long-term growth opportunity for
 31 A10, and we are focused on bringing new solutions to market that give customers the
 32 visibility, agility, flexibility and security they need for their cloud deployments.”

33 48. On May 5, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for quarter
 34 ending March 31, 2017 (the “1Q17 10-Q”). The 1Q17 10-Q was signed by Defendants Chen and

1 Natarajan and contained signed SOX certifications by Chen and Natarajan. The 1Q17 10-Q discussed
 2 revenue recognition and seasonality of revenue, stating in relevant part:

3 **Revenue**

4 Our products revenue primarily consists of revenue from sales of our hardware
 5 appliances upon which our software is installed. Such software includes our ACOS
 6 software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase
 7 of a hardware appliance includes a perpetual license to the included software. *We
 8 recognize products revenue at the time of shipment, provided that all other revenue
 9 recognition criteria have been met. As a percentage of revenue, our products revenue
 may vary from quarter to quarter based on, among other things, the timing of orders
 and delivery of products, cyclical and seasonality, changes in currency exchange
 rates and the impact of significant transactions with unique terms and conditions.*

10 (Emphasis added).

11 49. The 1Q17 10-Q discussed A10's internal controls, stating in relevant part:

12 **Changes in Internal Control over Financial Reporting**

13 There were no changes in our internal control over financial reporting during the quarter
 14 ended March 31, 2017 that have materially affected, or are reasonably likely to
 materially affect, our internal control over financial reporting.

15 50. On July 13, 2017, A10 issued the press release entitled, "A10 Networks Announces
 16 Preliminary Second Quarter 2017 Financial Results" which stated in relevant part:

17
 18 A10 Networks expects total revenue in the second quarter 2017 to be between \$52.5
 million and \$53.5 million, below its prior guidance of \$62.0 million to \$64.0 million.
 19 The company expects to report a GAAP net loss between \$0.12 and \$0.13 per share. On
 20 a non-GAAP basis, the company expects to report a net loss between \$0.05 and \$0.06
 per share, using approximately 69.8 million basic shares, which is below the previous
 21 guidance for non-GAAP net income of \$0.01 to \$0.03 per share, using approximately
 22 76.6 million diluted shares. A preliminary reconciliation between GAAP and non-
 GAAP information is contained in the financial statements below.

23 "We are disappointed with our preliminary results. Revenue came in below our
 24 guidance as a number of opportunities in our pipeline did not close primarily in North
 America and to a lesser degree in Japan. Key deals remain in our pipeline and we are
 25 diligently working to improve our execution," said Lee Chen, president and chief
 executive officer of A10 Networks. "We remain confident that our investments in
 26 security and cloud will serve as a strong foundation to penetrate these faster-growing
 segments of our market."

1 These are preliminary results and remain subject to the completion of the company's
 2 customary quarterly close and review procedures. Material adjustments may arise
 3 between the date of this press release and the dates on which A10 Networks announces
 4 its full second quarter 2017 results and files its Form 10-Q for the period with the SEC.

5 51. On August 3, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for quarter
 6 ending June 30, 2017 (the "2Q17 10-Q"). The 2Q17 10-Q was signed by Defendants Chen and
 7 Constantino and contained signed SOX certifications by Chen and Constantino. The 2Q17 10-Q
 8 discussed revenue recognition and seasonality of revenue, stating in relevant part:

9 **Revenue**

10 Our products revenue primarily consists of revenue from sales of our hardware
 11 appliances upon which our software is installed. Such software includes our ACOS
 12 software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase
 13 of a hardware appliance includes a perpetual license to the included software. *We
 14 recognize products revenue at the time of shipment, provided that all other revenue
 15 recognition criteria have been met. As a percentage of revenue, our products revenue
 16 may vary from quarter to quarter based on, among other things, the timing of orders
 17 and delivery of products, cyclical and seasonality, changes in currency exchange
 18 rates and the impact of significant transactions with unique terms and conditions.*

19 (Emphasis added).

20 52. The 2Q17 10-Q discussed A10's internal controls, stating in relevant part:

21 ***Changes in Internal Control over Financial Reporting***

22 There were no changes in our internal control over financial reporting during the quarter
 23 ended June 30, 2017 that have materially affected, or are reasonably likely to materially
 24 affect, our internal control over financial reporting.

25 53. On September 28, 2017, A10 issued the press release entitled, "A10 Networks Expects
 26 Third Quarter 2017 Revenue to Exceed Prior Outlook" which reported that the Company expected to
 27 exceed guidance for its third quarter 2017 revenue, stating in relevant part:

28 SAN JOSE, Calif., Sept. 28, 2017 – A10 Networks, Inc. (NYSE: ATEN), a Secure
 29 Application Services™ company, *today announced that it expects revenue for its third
 30 quarter 2017 to exceed management's prior outlook provided on July 27, 2017. A10
 31 Networks currently expects revenue to be between \$59 million and \$60 million, above
 32 its prior guidance of \$53 million to \$57 million.* The company also expects to report a
 33 profit on a non-GAAP basis.

1 The company also announced the departure of Ray Smets, EVP of worldwide sales,
 2 effective in the fourth quarter. The company has initiated a search for a new worldwide
 3 sales leader, and during the interim, Tom Constantino, CFO of A10 Networks, will
 4 assume responsibility of the sales organization.

5 “We expect to deliver a strong third quarter, led by sales into our marquee service
 6 provider customers. We look forward to discussing our full results on our conference
 7 call in October,” said Lee Chen, president and chief executive officer of A10 Networks.
 8 “Ray has been a key contributor to A10, including building a strong sales team. We
 9 thank Ray for his service and wish him all the best in his future endeavors. We have
 10 considerable talent within A10 and are confident in our ability to manage a smooth
 11 transition.”

12 (Emphasis added).

13 54. On October 30, 2017, the Company held a conference call to discuss its third quarter of
 14 2017 financial results and earnings. On this call, Defendant Constantino issued guidance for the fourth
 15 quarter of 2017, stating in relevant part:

16 *Moving on to our outlook. We currently expect fourth quarter revenue to be in the
 17 range of \$64 million to \$67 million.* We expect gross margin to remain in the 75% to
 18 77% range and operating expenses to be between \$46 million and \$47 million. We
 19 expect our non-GAAP bottom line results to be between a profit of \$0.01 and \$0.07 per
 20 share, using approximately 74 million shares on a diluted basis.

21 (Emphasis added).

22 55. On November 2, 2017, A10 filed its quarterly report on Form 10-Q with the SEC for
 23 quarter ending September 30, 2017 (the “3Q17 10-Q”). The 3Q17 10-Q was signed by Defendants
 24 Chen and Constantino and contained signed SOX certifications by Chen and Constantino. The 3Q17
 25 10-Q discussed revenue recognition and seasonality of revenue, stating in relevant part:

26 ***Revenue***

27 Our products revenue primarily consists of revenue from sales of our hardware
 28 appliances upon which our software is installed. Such software includes our ACOS
 29 software platform plus one of our ADC, CGN, TPS, SSLi or CFW solutions. Purchase
 30 of a hardware appliance includes a perpetual license to the included software. ***We
 31 recognize products revenue at the time of shipment, provided that all other revenue
 32 recognition criteria have been met. As a percentage of revenue, our products revenue
 33 may vary from quarter to quarter based on, among other things, the timing of orders
 34 and delivery of products, cyclical and seasonality, changes in currency exchange
 35 rates and the impact of significant transactions with unique terms and conditions.***

36 (Emphasis added).

1 56. The 3Q17 10-Q discussed A10's internal controls, stating in relevant part:

2 ***Changes in Internal Control over Financial Reporting***

3 There were no changes in our internal control over financial reporting during the quarter
 4 ended September 30, 2017 that have materially affected, or are reasonably likely to
 materially affect, our internal control over financial reporting.

5 57. The statements referenced above were materially false and/or misleading because they
 6 misrepresented and failed to disclose the following adverse facts pertaining to the Company's business,
 7 operational and financial results, which were known to the Individual Defendants or recklessly
 8 disregarded by them. Specifically, the Individual Defendants made, or caused to be made, false and/or
 9 misleading statements and/or failed to disclose that: (1) A10 had issues with its internal controls that
 10 required an Audit Committee investigation; (2) A10's revenues since the fourth quarter of 2015 were
 11 false due to improper revenue recognition which prompted an investigation by the Company's Audit
 12 Committee; and (3) as a result, the public statements were materially false and misleading at all relevant
 13 times.

14 **DERIVATIVE AND DEMAND ALLEGATIONS**

15 58. Plaintiff brings this action derivatively in the right and for the benefit of A10 to redress
 16 the breaches of fiduciary duty and other violations of law by Defendants.

17 59. Plaintiff will adequately and fairly represent the interests of A10 and its shareholders in
 18 enforcing and prosecuting its rights.

19 60. The Board currently consists of the following six (6) directors: defendants Chen, Chung,
 20 Cochran, Henricks, Salsbury, and non-party Tor R. Braham who joined the Board in December 2017.
 21 Plaintiff has not made any demand on the present Board to institute this action because such a demand
 22 would be a futile, wasteful and useless act, for the following reasons:

23 **1. Chen and Cochran are Not Independent**

24 The principal professional occupation of defendant Chen is his employment with A10 as
 25 its CEO, pursuant to which he has received and continues to receive substantial monetary compensation
 26 and other benefits. The principal professional occupation of defendant Cochran is his employment with
 27 A10 as Executive Vice President, Legal and Corporate Collaboration pursuant to which he has received

1 and continues to receive substantial monetary compensation and other benefits. Moreover, in the
 2 Company's Proxy Statement filed on April 14, 2017, the Board has admitted that both Chen and
 3 Cochran are not independent directors. In other words, Chena and Cochran's own peers have
 4 determined that Chen and Cochran are incapable of exercising independent business judgment with
 5 respect to a demand. Thus, both Chen and Cochran lack independence from demonstrably interested
 6 directors, rendering them incapable of impartially considering a demand to commence and vigorously
 7 prosecute this action.

8 **2. The Audit Committee Defendants Face a Substantial Likelihood of Liability**

9 The Audit Committee Defendants, (Chung, Henricks, and Salsbury) face a substantial likelihood
 10 of liability as a result of their service on the Board's Audit Committee. Pursuant to the Company's
 11 Audit Committee Charter, the members of the Audit Committee were and are responsible for, *inter alia*,
 12 reviewing the Company's annual and quarterly financial reports and reviewing the integrity of the
 13 Company's internal controls. Defendants Chung, Henricks, and Salsbury breached their fiduciary
 14 duties of due care, loyalty, and good faith, because the Audit Committee, *inter alia*, allowed or
 15 permitted the Company to disseminate false and misleading statements in the Company's SEC filings
 16 and other disclosures and caused the above-discussed internal control failures. Moreover, as members
 17 of the Audit Committee, Chung, Henricks, and Salsbury have been charged with conducting an
 18 investigation into their own conduct and accordingly a reasonable A10 shareholder would have reason
 19 to doubt that the Audit Committee Defendants could respond independently or disinterestedly to a pre-
 20 suit demand. Therefore, the Audit Committee Defendants each face a substantial likelihood of liability
 21 for their breach of fiduciary duties and any demand upon them is futile.

22 **COUNT I**
 23 **AGAINST ALL DEFENDANTS FOR BREACH OF FIDUCIARY DUTY FOR**
DISSEMINATING FALSE AND MISLEADING INFORMATION

24 61. Plaintiff incorporates by reference and realleges each and every allegation set forth
 25 above, as though fully set forth herein.

1 62. As alleged in detail herein, each of the Defendants (and particularly the Audit Committee
2 Defendants) had a duty to ensure that A10 disseminated accurate, truthful and complete information to
3 its shareholders.

4 63. Defendants violated their fiduciary duties of care, loyalty, and good faith by causing or
5 allowing the Company to disseminate to A10 shareholders materially misleading and inaccurate
6 information through, *inter alia*, SEC filings, press releases, conference calls, and other public
7 statements and disclosures as detailed herein. These actions could not have been a good faith exercise
8 of prudent business judgment.

9 64. As a direct and proximate result of Defendants' foregoing breaches of fiduciary duties,
10 the Company has suffered significant damages, as alleged herein.

COUNT II
**AGAINST ALL DEFENDANTS FOR BREACH OF FIDUCIARY DUTIES
FOR FAILING TO MAINTAIN INTERNAL CONTROLS**

13 65. Plaintiff incorporates by reference all preceding and subsequent paragraphs as if fully set
14 forth herein.

15 66. As alleged herein, each of the Defendants (and particularly the Audit Committee
16 Defendants) had a fiduciary duty to, among other things, exercise good faith to ensure that the
17 Company's financial statements were prepared in accordance with GAAP, and, when put on notice of
18 problems with the Company's business practices and operations, exercise good faith in taking
19 appropriate action to correct the misconduct and prevent its recurrence.

20 67. Defendants willfully ignored the obvious and pervasive problems with A10's internal
21 controls and practices and procedures and failed to make a good faith effort to correct these problems or
22 prevent their recurrence.

23 68. As a direct and proximate result of the Defendants' foregoing breaches of fiduciary
24 duties, the Company has sustained damages.

COUNT III

69. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

70. By their wrongful acts and omissions, Defendants were unjustly enriched at the expense of and to the detriment of A10.

71. Plaintiff, as a shareholder and representative of A10, seeks restitution from Defendants, and each of them, and seeks an order of this Court disgorging all profits, benefits, and other compensation obtained by Defendants, and each of them, as a result of their wrongful conduct and fiduciary breaches.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment as follows:

A. Against all Defendants and in favor of the Company for the amount of damages sustained by the Company as a result of Defendants' breaches of fiduciary duties:

B. Directing A10 to take all necessary actions to reform and improve its corporate governance and internal procedures to comply with applicable laws and to protect the Company and its shareholders from a repeat of the damaging events described herein, including, but not limited to, putting forward for shareholder vote resolutions for amendments to the Company's By-Laws or Articles of Incorporation and taking such other action as may be necessary to place before shareholders for a vote a proposal to strengthen the Board's supervision of operations and develop and implement procedures for greater shareholder input into the policies and guidelines of the Board;

C. Awarding to A10 restitution from Defendants, and each of them, and ordering disgorgement of all profits, benefits and other compensation obtained by the Defendants:

D. Awarding to Plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs and expenses; and

E Granting such other and further relief as the Court deems just and proper

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: May 30, 2018

/s/James M. Ficaro
THE WEISER LAW FIRM, P.C.
ROBERT B. WEISER
BRETT D. STECKER
JAMES M. FICARO
22 Cassatt Avenue
Berwyn, PA 19312
Telephone: (610) 225-2677
Facsimile: (610) 408-8026
rw@wesierlawfirm.com
bds@weiserlaefirm.com
jmf@wesierlawfirm.com

/s/Todd D. Carpenter
CARLSON LYNCH SWEET
KILPELA & CARPENTER, LLP
Todd D. Carpenter (CA 234464)
1350 Columbia Street, Ste. 603
San Diego, California 92101
Telephone: (619) 762-1910
Facsimile: (619) 756-6991
tcarpenter@carlsonlynch.com

Counsel for Plaintiff